

Objection Deadline: May 9, 2011 at 5:00 p.m. (Prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:	:	
ZAIS INVESTMENT GRADE LIMITED VII,	:	Chapter 11
Debtor.	:	Case No. 11-20243 (RTL)
	:	
	:	

**LIMITED OBJECTION OF
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. TO THE APPLICATION
OF GRF MASTER FUND, L.P., ANCHORAGE ILLIQUID OPPORTUNITIES OFFSHORE
MASTER, L.P. AND ANCHORAGE CAPITAL MASTER OFFSHORE, LTD. TO APPROVE
CONSENT ORDER TERMINATING THE EXCLUSIVE PERIODS DURING WHICH THE
DEBTOR MAY FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

The Bank of New York Mellon Trust Company, N.A. as Trustee, and as Securities Intermediary (“BNYM” or the “Trustee”) for the Noteholders (collectively, the “Noteholders”) of certain Notes and Composite Obligations (collectively, the “Notes”)¹ issued pursuant to that certain Indenture dated as of October 19, 2005 (as amended, modified or supplemented from time to time,

¹ The Notes are the following: Class A-1A, Class A-1B (the “Senior Notes”), Class A-2, Class A-3, Class B-1A, Class B-1B, Class B-2A, Class B-2B and Income Notes (the “Junior Notes”).

the “Indenture”), between Zais Investment Grade Limited VII (the “Debtor”) and BNYM (successor in trust to JPMorgan Chase Bank, National Association), as and for its Limited Objection to the Application of GRF Master Fund, L.P., Anchorage Illiquid Opportunities Offshore Master, L.P. and Anchorage Capital Master Offshore, Ltd. (the “Petitioning Creditors”), dated April 29, 2011, seeking entry of the proposed consent order by and between the Petitioning Creditors and the Debtor, terminating the exclusive periods during which the Debtor may file a Chapter 11 plan and solicit acceptances thereof (the “Application”) (Docket No. 16), respectfully alleges as follows:.

1. On March 15, 2011, the Petitioning Creditors commenced solicitation of the Original Prepackaged Plan of Reorganization (the “Plan”) for the Debtor.
2. On April 1, 2011, the Petitioning Creditors filed an involuntary petition (the “Petition”) against the Debtor for relief pursuant to Chapter 11 of Title 11, United States Code (the “Bankruptcy Code”).
3. On April 15, 2011, the solicitation of the Plan closed and an Order for Relief was entered on April 26, 2011.
4. On April 29, 2011, the Petitioning Creditors filed the Application, seeking the termination of the exclusive periods during which the Debtor may file a Chapter 11 plan pursuant to section 1121(d) of the Bankruptcy Code.
5. Objections to the Application are due by May 9, 2011 (the “Objection Deadline”).
6. The Trustee does not take a position with respect to the substantive relief sought in the Application. However, the Trustee asserts that all parties holding a beneficial interest in the Junior Notes (the “Junior Noteholders”) should have the opportunity to appear and be heard regarding the relief sought in the Application.
7. All positions in the Junior Notes are held in electronic form through the Depository Trust Company (the “DTC”). The Trustee has sent notice of the filing of the Application to the

Junior Noteholders through the DTC. However, due to the manner in which notice is transmitted through the DTC system, it is possible that certain Junior Noteholders will not receive such notice prior to the Objection Deadline.

8. Accordingly, the Trustee respectfully requests that the Court extend the objection deadline to May 16, 2011 in order to insure the receipt of notice by all Junior Noteholders.

Dated: May 3, 2011
New York, New York

EMMET, MARVIN & MARTIN, LLP

By: /s/Tyler J. Kandel

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